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MAY 1977

3
Congress
28 April

Honorable John D. Dingell, Chairman
Subcommittee on Energy and Power
Committee on Interstate and Foreign Commerce
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Enclosed please find the transcript of my testimony before your Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce on 25 April 1977.

I have inserted copies of the two CIA studies we discussed: "The International Energy Situation: Outlook to 1985" and "Prospects for Soviet Oil Production", plus a copy of my letter of 3 May 1977, to Representative Clarence J. Brown (R., Ohio) responding to his request at the hearing for additional information.

Review of the transcript has led to changes to clarify my remarks or to correct errors in transcribing, a list of which is enclosed.

I also call your attention to one omission from Representative Brown's testimony which you may wish to correct. On page 2-130, line 21, the word "billion" was clearly omitted between "34" and "barrels."

I appreciated and enjoyed the opportunity to appear before your Subcommittee, and look forward to the opportunity to do so again in the future. Please let me and my staff know when and how we may be of further assistance.

Sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER

Enclosures

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3 MAY 1977

The Honorable Clarence J. Brown
House of Representatives
Washington, D.C. 20515

Dear Mr. Brown,

I greatly appreciate the thoughtful questions you posed during my presentation of our 1985 energy estimates. The following paragraphs hopefully will answer these in more detail than I was able to go into during the limited period your committee rules allowed for questions and responses.

Our projections of energy demand and supply are limited to 1985. As such, our analysis is not particularly sensitive to assumptions about the size of ultimately recoverable world energy reserves. In the case of the United States, we accept the reserve estimates of the USGS as authoritative. We think that the USGS would agree that we could not expect significant production from these potential reserves before 1985.

Clearly the outlook for US domestic oil supplies would be substantially altered if large new reserves are discovered and brought into production quickly. The problem is that large discoveries, similar to those near Prudhoe Bay, are unlikely to be made except in frontier areas such as the east coast offshore region. Lead time in frontier areas is long, however, even after initial discoveries are made and confirmed. For example, nearly 10 years have already passed since the initial North Slope discoveries and even longer since the search for oil began there.

In regard to the response of oil production to higher prices our approach once again was to examine the capacity to respond to these incentives. Most of

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the world's drilling capacity is already being fully employed and we assume it will continue to be so in the years ahead. Most of the response to higher prices will take the form of enhanced recovery. In this area technology is only now evolving, but it appears that the effect of enhanced recovery technologies will be more to prolong the life of oil reserves rather than to increase the amount extracted in any one year.

On the question of US nuclear capacity, our 1985 estimate is between 95,000-143,000 megawatts (2.5-3.8 million b/d oil equivalent). The upper end of the range represents available capacity if all plants now under construction or planned to be operating by 1985 remain on schedule. Given existing uncertainties regarding financial constraints, environmental concerns and decreased projections of electricity demand, the amount of capacity could turn out to be at the lower end of our range. Your reference to a 1985 capacity of 280 reactors closely approximates a projection of 280,000 MW made by the AEC in December 1972. In August 1976, however, ERDA forecast 1985 capacity at only 127,000-166,000 MW. FEA's estimate made in early 1977 is 125,000 MW, about the mid-point of our range.

Accelerating US nuclear power development would help but would be difficult given limitations on construction time, component fabrication capability, and both nuclear fuel and labor supply. As things now stand, the lead time for bringing a US facility on stream is 10 years or so, most of it in the pre-construction phase. In the case of Japan, it usually takes 7-8 years and frequently longer because of siting problems and regulatory procedures that must be satisfied before construction begins. We have found no instance of a nuclear power plant having been built in Japan or anywhere in 3 years. The last eight nuclear reactors brought on stream in Japan have required an average of 5 years just to build; the shortest time was 54 months.

Yours sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER
Admiral, U.S. Navy

Subject: Letter to Representative Clarence Brown

CONCUR:

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Acting Deputy Director for Intelligence

4-27-77
Date

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There has been a hang-up on the transcript of your session with the Dingell Subcommittee on Monday, so Walt McDonald's people have gone ahead with the letter without it. The penultimate paragraph gets into the U.S. side a bit but Walt says it is necessary in order to give the total picture.

You will recall that Rep. Brown also asked for a list of the broad assumptions on which the oil study was based. These are in the study itself and we will call that to the attention of the Subcommittee staff.

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George L. Cary
Legislative Counsel

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MEMORANDUM FOR: The Director

DDI # 175'-71

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The attached letter from you to Representative Brown answers the questions posed by Mr. Brown during your testimony for the House Subcommittee on Energy and Power on 25 April 1977.

Paul V. Walsh
Acting DDI -

77-7404

Date

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MEMORANDUM FOR: RECORD

During the DCI's presentation of the CIA energy situation through 1985, Representative Brown, Republican, Ohio, asked a number of questions with respect to US oil reserves, the production response to higher prices, and the length of time it takes to build nuclear power plants. The attached letter to Representative Brown provides answers to these questions.

Date 26 April 1977

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